

ADMINISTRATION AND FINANCE COMMITTEE

DATE: August 3, 2004

CALLED TO ORDER: 5:30 p.m.

ADJOURNED: 7:35 p.m.

ATTENDANCE

Attending Members

Jackie Nytes, Chairwoman
Vernon Brown
Becky Langsford
Lynn McWhirter
Lincoln Plowman

Absent Members

Joanne Sanders
Steve Talley

AGENDA

PROPOSAL NO. 438, 2004 – determines the need to lease approximately 3,700 square feet of space at 51 South New Jersey Street for use by the Department of Public Safety, Indianapolis Police Department, as helicopter hangar space and office space
“Do Pass”
Vote: 5-0

PROPOSAL NO. 439, 2004 – determines the need to lease approximately 4,270 square feet of office space at 300 East Fall Creek Parkway North Drive for use as general office space by the Department of Public Safety, Indianapolis Fire Department
“Do Pass”
Vote: 5-0

PROPOSAL NO. 440, 2004 – determines the need to lease approximately 1,888 square feet of space at 251 East Ohio Street for use by the Marion Superior Court as office space
“Do Pass”
Vote: 5-0

PROPOSAL NO. 441, 2004 – approves a transfer of \$142,060 in the 2004 Budget of Voter’s Registration (County General Fund) to fund the cost of printing poll books
“Do Pass”
Vote: 5-0

Budget Hearing

Overview-City Controller
Indianapolis Marion County Public Improvement Bond Bank
Office of the Mayor
Office of Internal Audit
Office of Corporation Counsel (City Legal)
Office of Controller (Finance & Purchasing)

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, August 3, 2004. Chairwoman Jackie Nytes called the meeting to order at 5:30 p.m., with the following members present: Vernon Brown, Becky Langsford, Lynn McWhirter, and Lincoln Plowman. Absent were Steve Talley and Joanne Sanders. Representing Council staff were Kent Burrow, Chief Financial Officer, and Cherrish Pryor, Legislative and Public Affairs Director.

Chairwoman Nytes asked for consent to begin with Proposal No. 440, 2004 at the request of Judge David Shaheed. Consent was given.

PROPOSAL NO. 440, 2004 – determines the need to lease approximately 1,888 square feet of space at 251 East Ohio Street for use by the Marion Superior Court as office space

Judge Shaheed, Civil Court 5, said this proposal has no fiscal impact on the County. State law requires that all agencies in the City-County Building that seek to have business offices outside the building must have the lease and proposal come before the Council. He said since 1998 they have had a drug treatment program and recently have expanded the program with assistance from the Indiana Criminal Justice Institute. The grant continues to fund the drug treatment court but also provides funding for two people to assist with re-entry. He said currently about 1,100 offenders come back from the Department of Corrections to Marion County on an annual basis. Half of those people are monitored through the Community Transition Program. The grant will allow them to add 125 additional people that will be monitored through the court. He said the case manager will assist offenders with issues of housing, job placement, health needs, etc. The purpose of the program is to help offenders with re-entry into the community with less trouble and with consideration of public safety. He said the lease is necessary because they have two additional staff and the City County Building can no longer accommodate the drug treatment staff.

Councillor McWhirter asked why there will be no cost to the County. Judge Shaheed said they were able to get funding from the Department of Corrections that will cover the cost of the lease and the one-time cost of moving. Councillor McWhirter asked if the Department will continue to fund the lease. Judge Shaheed said they have a grant for the next four years.

Chairwoman Nytes asked how long the lease is. Judge Shaheed said it is a four-year lease. Chairwoman Nytes asked if they have determined that the owner of the building does not have a conflict of interest in the lease. Judge Shaheed replied in the affirmative.

Councillor McWhirter moved, seconded by Councillor Brown, to send Proposal No. 440, 2004 to the full Council with a “Do Pass” recommendation. This motion carried by a vote of 5-0.

PROPOSAL NO. 438, 2004 – determines the need to lease approximately 3,700 square feet of space at 51 South New Jersey Street for use by the Department of Public Safety, Indianapolis Police Department, as helicopter hangar space and office space

Mike Green, Contracts/Project Manager, Department of Public Safety, said they are already at the location of 51 South New Jersey Street. The old lease could not be extended and a new lease had to be created. He said they are increasing storage space by 430 feet, but the cost per square foot will remain the same.

Councillor McWhirter asked if the increase of the lease is already in their budget. Mr. Green said the cost is in their budget for 2004 and 2005.

Chairwoman Nytes asked how long the lease is. Mr. Green said the lease is for two years.

Councillor McWhirter moved, seconded by Councillor Brown, to send Proposal No. 438, 2004 to the full Council with a “Do Pass” recommendation. This motion carried by a vote of 5-0.

PROPOSAL NO. 439, 2004 – determines the need to lease approximately 4,270 square feet of office space at 300 East Fall Creek Parkway North Drive for use as general office space by the Department of Public Safety, Indianapolis Fire Department

Ernest Malone, Chief of Fire Prevention, Indianapolis Fire Department (IFD), said currently the Fire Prevention office is located at 620 N. Sherman Drive, they were approved for three additional inspectors and simply are out of space. He said the office space at 300 East Fall Creek Parkway will give them an additional 1,400 square feet of space for their staff and storage. He said they would also like to create a Marion County Resource Center, where they will have books, manuals, videos, etc. for other Fire Departments and agencies to use for research. He said the building will be multi-service with full security and handicapped accessible. He said this proposal will be funded by a grant with no fiscal impact and the lease is for four years.

Councillor Brown said their current location is not very accessible and the new location will give them more room to grow and financially is a great deal.

Councillor McWhirter asked if they looked at other locations. Mr. Malone said that they looked at many locations and the average price was between \$13 and \$15 per square foot. He said at the proposed location they can negotiate a flexible lease if changes were needed. Councillor McWhirter asked if any additional money will be needed down the road. Mr. Malone said they do not expect any additional cost. Councillor McWhirter asked how the research library will be funded. Mr. Malone said they already have some of the materials through grants, and all other needs will be done through their funds.

Councillor McWhirter moved, seconded by Councillor Plowman, to send Proposal No. 439, 2004 to the full Council with a “Do Pass” recommendation. This motion carried by a vote 5-0.

PROPOSAL NO. 441, 2004 – approves a transfer of \$142,060 in the 2004 Budget of Voter’s Registration (County General Fund) to fund the cost of printing poll books

Cathline Mullin, Voter Registration, read from Exhibit A.

Councillor McWhirter asked how often they print poll books. Ms. Mullin said they print them twice a year for both primary and fall elections. Councillor McWhirter asked if the poll books were budgeted. Ms. Mullin said they did budget for the poll books, but the price to print the poll books is very expensive. Councillor McWhirter asked from where the \$107,000 in personal services is coming. Cindy Mowery, Auditor’s Office, said there are 14 positions in the Voter Registration Office with currently only 12 employees. This is where the \$107,000 is coming from.

Councillor Brown asked if the office is going to be able to underspend. Ms. Mullin said this year they need the money but next year there is no election.

Councillor Plowman asked what the total price of the poll books is. Ms. Mullin said she does not have the exact total and will get that information to him. Ms. Mowery said the \$142,060 that is being asked to be transferred is relatively close to the total of the poll books.

Chairwoman Nytes asked if the poll books were underbudgeted. Ms. Mowery replied in the affirmative and said Voter Registration sent out postcards to voters that was an unanticipated expense. Chairwoman Nytes asked if perhaps the number of precincts were to decrease, would this help in the cost of poll books. Ms. Mullin said that some of the cost is due to the number of precincts, and the decrease in precincts could help in cost.

Councillor McWhirter moved, seconded by Councillor Brown, to send Proposal No. 441, 2004 to the full Council with a “Do Pass” recommendation. This motion carried by a vote of 5-0.

Budget Hearing

Overview-City Controller

Barbara Lawrence, City Controller, explained the budget overview presentation (Exhibit B, see file). Some highlights of the presentation include:

- The city of Indianapolis has identified a new tenant, AAR Airline Services to take a majority of the space at the United Airline Hub. Simon Property Group is going to be building a new headquarters in downtown Indianapolis. On the south side, a new housing development is being built.
- The proposed budget continues to fund all basic services (police and fire services, sewers, economic development, sidewalks, parks, etc.) residents expect from the City and also continues to fund arts. The budget does not have any salary reductions, and is funded with no tax increases.
- The proposed 2005 budget will total \$542.7 million. The budget was broken down by projected revenues and expenditures. In expenditures, a majority of that money is to assure public safety. Ms. Lawrence said that the assuring of Public Safety and the Department of Public Safety may have different budget numbers because this budget overview is more function-based than departmental-based.
- The proposed 2005 budget will be using \$46.2 million of fund balance to make this budget work. Ms. Lawrence said the City will continue to decrease the amount of funds taken from fund balance by their ongoing budget cutting and oversight efforts.
- Ms. Lawrence said if not for the increases in public safety, the budget net would be down in 2005. The increases in public safety are due to an attempt to prevent an outbreak in pension costs to public safety. Other departments are relatively flat. The increase in the Department of Public Works is due to contractual increases at the Waste Water treatment plant, and the department will be under a new stormwater permit.
- Ms. Lawrence said the cost to provide City services overwhelmingly consist of wages and benefits, especially in public safety. Most City workers not in a public safety area are under a wage freeze. The boost in Character 01 expenses are driven by contractual obligations in public safety. Nearly half of the Character 01 increase is from police and fire pensions. Some of the cost in Character 01 is also from health care premiums for all City workers. Character 02 increases represent the rising cost of petroleum.
- Ms. Lawrence said with the budget cuts that were made, there really is only one area left where cuts can be made and that is in salaries and benefits.
- Most of the new revenue used to fund the proposed 2005 budget is from pension stabilization accounts. Ms. Lawrence said the County Option Income Tax (COIT) is projected to stay the same for 2004 and 2005. She said the COIT may decline by \$4 million dollars, but she has not reflected it in the budget until she has certification.

- The Arrestee Processing Center was not included in the 2004 budget. It was added by a fiscal ordinance in January, 2004. The center will be at the same funding level for 2005 that it is for 2004.
- There is a decrease in the Workers Compensation (Comp) program by reducing the amount that the City departments contribute to this fund. The City was able to make this reduction by relying on a fund balance in the Workers Comp program. The reduction in the Wellness program was due to slightly being over-budgeted.
- There was a reduction in the Department of Metropolitan Development (DMD) budget, under Line Item 380, Grants and Subsidies. Ms. Lawrence said that there was not actually a reduction in the amount of federal grants but an adjustment in grants.
- In the proposed 2005 budget revenues, the property tax levy is expected to increase in growth by 1% in solid waste and fire service districts and 2% in other service districts. Ms. Lawrence said under fees and charges in 2005 revenues, there is a \$10 million decline between 2004 and 2005. The City is taking out a one-time loan from the sanitary district of \$10 million and the money will be split evenly between the police and fire districts. This is allowed by the Indiana Code.
- The police and fire pension increase is about \$10.7 million, and the vast majority of that comes from the pre-1977 program, which is the unfunded program. Roughly \$8.3 million of the pension increase represents payments to retirees hired before 1977.
- Ms. Lawrence said that it is imperative to have a pension stabilization account to manage public safety pension obligations and to prevent affecting public safety day-to-day operations and to protect the benefits of public safety officers. She said this account is proposed to be funded initially by pension obligation bonds. She said the pension obligation bonds will be sent to the Council for introduction at the August 23, 2004 meeting.
- The projected proposed fee increases will be over \$400,000 including an increase in Controller's Office licenses, parking meter violations, parks fees, and DMD accelerated inspections.

Councillor McWhirter asked where the revenue comes from to support the pension stabilization fund. Ms. Lawrence said this would be the account that would be funded with the bond issuance. Councillor McWhirter asked if there is a pension fund now. Ms. Lawrence responded in the negative. Councillor McWhirter asked where the \$21.7 million shortfall comes from. Ms. Lawrence said it is unfunded in terms of the 2005 budget. They have to factor in pension obligations and then the funding they have to find, which is projected to be \$22 million. Councillor McWhirter asked why gas tax revenues would be down. Jeff Seidenstein, Budget Manager, Controller's Office, said they over-

budgeted in 2004 and are expecting less tax next year. Ms. Lawrence said gas taxes are about 30 cents a gallon and not a percentage tax. Councillor McWhirter asked when COIT will be certified. Ms. Lawrence said it can happen at any time. Councillor McWhirter asked why federal grants are going down. Ms. Lawrence said it is more a matter of County adjustments, making better use of the money, than actually losing grants. Mr. Seidenstein said a majority of the decrease is coming from DMD. They are doing a better job in spending their grants and project they will have less carry over revenue in 2005. Councillor McWhirter asked what is the \$17 million difference in fund balance from 2004 to 2005. Ms. Lawrence said this is representing the difference in the projected fund balance and the budgeted fund balance. Councillor McWhirter asked about the increase in inspections fees. Ms. Lawrence said these fees are paid by regulated businesses through the Controller's Office.

Councillor Langsford asked what percentage of parking violations fines are actually collected. Mr. Seidenstein referred to a representative of the Office of Corporation Counsel that said the collection rate on parking tickets is about 51%. Councillor Langsford asked who is included in the contractual salaries. Ms. Lawrence said police, fire, workers from Public Works, and Parks workers. Councillor Langsford asked if these employees will be under the salary freeze. Ms. Lawrence responded in the negative.

Councillor Plowman asked what the process of determining fees is. Ms. Lawrence said in some fees they factor in the cost they accrue and for others it is looking at the market. It depends on the fee. Councillor Plowman said he has an issue with paying to get into a park when citizens have already paid with their tax dollars to help fund the parks. Ms. Lawrence said other than seating fees there was no increase to parks. She said the only park that charges admission is Eagle Creek Park.

Councillor McWhirter asked if the police and fire pensions are self funded. Ms. Lawrence said the City pays 24% of their pension. Councillor McWhirter asked when things will stabilize with retirees. Ms. Lawrence said around the year 2025. Councillor McWhirter asked what is involved in the DROP Plan. Ms. Lawrence said the Deferred Retirement Option Plan (DROP) allows a firefighter or police officers to determine when they are going to retire, and then a lump sum is set aside towards their pension.

Chairwoman Nytes said the DROP plan was designed with expectations that it would assist some communities across the State to better plan for the rates of retirement, and in some communities a way to encourage experienced firefighters to stay on longer.

Office of the Mayor

Mike O'Connor, Chief Deputy Mayor, said that the Mayor's Office actually has the same amount of Full Time Equivalent (FTEs) positions for the calendar year 2004 and 2005; two people have started job sharing this year. He said they drop two FTEs from the budget year 2003 to 2004. He said Character 010, Personal Service was the only increase in the budget, due primarily to increased pension and health care costs in the City and

County. The increase for Character 010, Personal Service was \$5,581. He said in every other category they have cut the budget. The overall budget cut in the Mayor's Office is 2.5% lower than last year's budget.

Chairwoman Nytes asked due to the budget cuts if they anticipate any changes in their program. Mr. O'Connor responded in the negative and said they will be able to continue their services and programs in the Mayor's Office. Chairwoman Nytes asked if there are any salary increases. Mr. O'Connor responded in the negative and said there will be no increases or cuts to salaries.

Councillor McWhirter asked how did they get the total FTEs for 2005, if they have two employees job sharing. Mr. Seidenstein said the Mayor's Office actually has another part-time position in the budget that is not filled. Mr. O'Connor said FTEs do not necessarily equal people; because the time being worked by the job share is more than one FTE they had to take two full FTEs. Councillor McWhirter asked if the employees who job share still have the same salary. Mr. O'Connor responded in the affirmative. Councillor McWhirter asked if both of the employees who job share have benefits. Mr. O'Connor said only one employee that is job sharing receives benefits. Councillor McWhirter asked if the other employee required benefits, would they be entitled to benefits. Mr. O'Connor said this is one reason why they took two FTEs just in case the other employee would desire benefits.

Indianapolis Marion County Public Improvement Bond Bank

Bob Clifford, Executive Director, explained Exhibit C (see file). Some highlights of the presentation include:

- The purpose of the Bond Bank was to develop infrastructure, promote education, and assist in economic development.
- The Bond Bank's budget is not included in the City's budget. The bond bank organization is self-funded. They charge a fee for the work they do on different transactions, and that funds their operations.
- The Bond Bank's special projects manager and special counsel is actually the economic development for the City.
- The Bond Bank's budget cycle starts in September, after they see what the City and County is proposing. This helps them to know what projects they will be involved in throughout the coming year.

Jennifer Weflen, Deputy Director, explained the Bond Bank's accomplishments (included in Exhibit C). Some highlights of the presentation include:

- In November 2003, the Bond Bank closed \$20 million in Indy Roads Revenue Bonds to fund construction.
- 2004 Series E – Fall Creek Place is the homeownership zone. This was refinancing of short term debt that was issued in 2001. The bonds that were issued for infrastructure work for Fall Creek Place will be repaid by a Housing Tax Increment Financing (TIF).
- The deal for Series G – Sanitation bonds was made through a State Revolving Fund (SRF).

Councillor McWhirter asked what the difference in Union Station's Operations expenses was from 2003 to 2004. Mr. Clifford said there were more occupants in Union Station, resulting in less money needed out of their budget. Councillor McWhirter asked where the money from net income from operations goes. Mr. Clifford said the money is used to pre-fund projects before they issue the debt.

Chairwoman Nytes asked with the Charter Schools fund will there be more of a moral obligation than a general obligation from the City. Mr. Clifford said it would be a moral obligation.

Office of Internal Audit

Mike Humphreys, Administrator, said they have nine staff members that are budgeted in their office. Their budget request for 2005 has a 2.2% decrease of about \$15,601 under their 2004 budget. He said the majority of their increases in their budget will be reflected in Character 010, Personal Services, due to pension and insurance increases. He said the majority of their decreases will be found in Character 030, Other Services and Charges, in Line Item 329, Travel and Mileage, and in Line Item 335, Information Technology. He said their level of services the office will provide are:

- complete 25 operational audits in the City departments
- complete 18 follow-up reviews of prior operational audits
- complete 16 management requests/special reviews during the year
- complete 15 areas of assistance associated with the annual City external auditor examination of financial statements and federal grants programs.

Chairwoman Nytes said the Council has a proposal that is currently under study that will extend the services of the office of Internal Audit to some of the County agencies as well as some of the City agencies.

Office of Corporation Counsel (City Legal)

April Sellers, Deputy Corporation Counsel, gave an overview of the Office of Corporation Counsel found in Exhibit D (see file). Kim Diller, Financial Manager,

explained the Corporation Counsel's budget also found in Exhibit D. Some highlights of the budget include:

- The Corporation Counsel's proposed 2005 budget with internal charges has increased by 3.4% due to a decrease in their internal charges.
- Without the internal charges and looking at Characters 01-04, their operating budget has decreased by 3.2%.
- In Character 01, Personal Services, their main decrease is in salaries by \$56,021, due to reorganizations in their department.
- In Character 03, Other Services and Charges, their main decrease is in Information Technology by \$78,346.
- In Character 04, Properties & Equipment, compared to revised, they are asking to increase by \$8,500. Ms. Diller said there are computers in the office that have Windows 95 and 98 that need upgraded and they would like to replace eight computers in 2005.
- In Character 05, Internal Charges, the decrease is due to the operating budget decreasing the chargebacks. Therefore, if they are not spending as much, they cannot charge back as much.
- The internal charges are also based on the amount of time spent on each City or County department agency. The Corporation Counsel is spending a little more time on County agencies, and because their funds come from the same fund of the Corporation Counsel they cannot charge back to them.
- The Corporation Counsel receives revenue from parking violations, where they will see an increase in 2005 due to the proposed increase in parking violations fines.

Chairwoman Nytes asked if other City departments are funded under the same fund as County. Ms. Diller said they are all not funded from the consolidated County General Fund. Chairwoman Nytes asked if they have tracked what the charges would be if they did charge the County agencies. Ms. Diller responded in the affirmative. Chairwoman Nytes asked if the Council could see that information. Ms. Diller said she has that information broken down by departments and will get that information to the Council.

Office of Controller

Barbara Lawrence, City Controller, said in addition to compiling the City budget, the Controller's Office is the licensing division of the City of Indianapolis. The Controller's Office is also the home of the one-stop-shop, where organizations and groups apply for

any permit for special events. She said in their proposed 2005 budget they maintain the same amount of FTEs in the Controller's Office. She said Character 010, Personal Services, is projected to decline about 0.5%. Character 020, Materials and Supplies, is projected to decline about 23.8%. She said their major budget decrease is in Character 030, Other Services and Charges, which primarily represents technology charges. Their overall budget is declining about 6.7%, or \$711,451, from 2004 to 2005.

Councillor McWhirter asked why they are reducing Line Item 383, Third Party Contracts by \$2 million. Ms. Lawrence said this due to the one-time IndyGo issuance made through the Controller's Office.

Chairwoman Nytes asked if Line Item 335, Information Technology, would be found in other City agencies' budgets. Ms. Lawrence said there would be a Line Item, Information Technology, but it would be more application developments. Mr. Seidenstein said in the Controller's Office they pickup the vast majority of the City's share of technology costs for the City departments. The City departments received a small cost to help cover their share of the help desk and internet charges.

Deborah Green, Purchasing administrator, said Character 020, Materials and Supplies; Character 030, Other Services and Charges; and Character 040, Properties and Equipment all proposed a decrease in the 2005 budget. Character 010, Personal Services, has a slight increase, due to reorganization in the Purchasing Office. Ms. Green said they are currently working on making upgrades to their website, to enable vendors to download their documents. This will save on their postage costs, paper cost, and labor. Ms. Green said they are working hard to get the County trained on the policies and procedures of purchasing.

Chairwoman Nytes asked how they approached making changes in contracts without adding more people. Ms. Green said they had the opportunity to make changes in the vendor registration process as the result of the enhancement of their website. Therefore, they were able to combine the duties of that position with their front desk positions. Chairwoman Nytes asked when positions change, does the job description go back through an evaluation process. Ms. Green said the job description goes back to the Human Resources Division that factors the position.

Administration and Finance Committee

August 3, 2004

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CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 7:35 p.m.

Respectfully submitted,

Jackie Nytes, Chairwoman
Administration and Finance Committee

JN/as